

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2021
(Based on Japanese GAAP)**

October 26, 2021

Company name: KOMERI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8218 URL <https://www.komeri.bit.or.jp>
 Representative: President, CEO and COO Yuichiro Sasage
 Inquiries: Director and Managing Executive Officer Hiroshi Hayakawa TEL 025(371)4111
 Scheduled date to file Quarterly Securities Report: November 15, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	196,943	–	17,743	–	17,866	–	12,029	–
Six months ended September 30, 2020	205,464	10.4	20,731	62.2	20,886	61.8	14,194	63.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	241.88	–
Six months ended September 30, 2020	285.43	–

Note: KOMERI CO.,LTD.(hereinafter "the Company") has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the first quarter ended June 30, 2021. The percentages indicating year-on-year changes are not presented as the figures for net sales for the six months ended September 30, 2021, are the figures after the application of this accounting standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	350,901	211,474	60.3
As of March 31, 2021	348,159	200,561	57.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	22.00	–	23.00	45.00
Year ending March 31, 2022	–	23.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	23.00	46.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	382,000	0.0	27,500	(8.6)	27,600	(8.4)	17,300	(14.6)	347.83

Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. was applied from the beginning of the first quarter ended June 30, 2021 and the above consolidated earnings forecasts represent the figures after the application of the said accounting standard, etc. The percentages indicating year-on-year changes were calculated under the assumption that the said accounting standard, etc. had been applied for the fiscal year ended March 31, 2021.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	54,409,168 shares	As of March 31, 2021	54,409,168 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	4,670,630 shares	As of March 31, 2021	4,677,861 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	49,734,082 shares	Six months ended September 30, 2020	49,731,933 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	17,303	24,355
Notes and accounts receivable - trade	20,935	–
Notes and accounts receivable - trade, and contract assets	–	21,520
Merchandise and finished goods	114,131	108,742
Raw materials and supplies	259	221
Other	6,152	7,183
Allowance for doubtful accounts	(668)	(683)
Total current assets	158,114	161,340
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	116,981	116,383
Land	35,340	35,340
Leased assets, net	3,897	4,008
Other, net	6,409	6,607
Total property, plant and equipment	162,629	162,339
Intangible assets	8,618	8,621
Investments and other assets		
Investment securities	1,909	2,027
Deferred tax assets	7,742	7,424
Leasehold and guarantee deposits	7,268	7,295
Other	1,878	1,855
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	18,796	18,599
Total non-current assets	190,044	189,560
Total assets	348,159	350,901

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,687	21,513
Electronically recorded obligations - operating	29,800	33,988
Current portion of long-term borrowings	12,569	13,524
Lease obligations	1,436	1,483
Income taxes payable	6,923	5,733
Provision for bonuses	1,956	2,016
Provision for bonuses for directors (and other officers)	20	10
Provision for point card certificates	814	154
Provision for loss on disaster	38	13
Other	16,847	17,393
Total current liabilities	100,094	95,830
Non-current liabilities		
Long-term borrowings	27,870	23,631
Lease obligations	2,900	2,942
Provision for retirement benefits for directors (and other officers)	124	120
Provision for share awards for directors (and other officers)	183	171
Retirement benefit liability	5,768	5,891
Asset retirement obligations	7,718	7,845
Other	2,936	2,993
Total non-current liabilities	47,502	43,596
Total liabilities	147,597	139,426
Net assets		
Shareholders' equity		
Share capital	18,802	18,802
Capital surplus	25,260	25,260
Retained earnings	166,934	177,741
Treasury shares	(11,241)	(11,225)
Total shareholders' equity	199,756	210,578
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	461	604
Deferred gains or losses on hedges	5	3
Remeasurements of defined benefit plans	338	288
Total accumulated other comprehensive income	805	895
Total net assets	200,561	211,474
Total liabilities and net assets	348,159	350,901

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	199,101	190,011
Cost of sales	132,359	126,906
Gross profit	66,741	63,105
Operating revenue	6,363	6,932
Operating gross profit	73,104	70,037
Selling, general and administrative expenses		
Provision for point card certificates	218	154
Salaries and allowances	17,835	18,274
Provision for bonuses	1,904	2,016
Provision for bonuses for directors (and other officers)	10	10
Provision of allowance for doubtful accounts	170	105
Retirement benefit expenses	377	355
Other	31,854	31,377
Total selling, general and administrative expenses	52,372	52,293
Operating profit	20,731	17,743
Non-operating income		
Interest income	7	10
Dividend income	54	79
Foreign exchange gains	64	–
Subsidy income	40	64
Other	88	86
Total non-operating income	254	240
Non-operating expenses		
Interest expenses	71	59
Foreign exchange losses	–	41
Other	28	16
Total non-operating expenses	100	118
Ordinary profit	20,886	17,866
Extraordinary income		
Insurance claim income	131	66
Total extraordinary income	131	66
Extraordinary losses		
Loss on disposal of non-current assets	77	158
Loss on disaster	140	39
Impairment losses	67	53
Total extraordinary losses	285	252
Profit before income taxes	20,731	17,680
Income taxes - current	6,798	5,257
Income taxes - deferred	(261)	393
Total income taxes	6,536	5,651
Profit	14,194	12,029
Profit attributable to owners of parent	14,194	12,029

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	14,194	12,029
Other comprehensive income		
Valuation difference on available-for-sale securities	563	142
Deferred gains or losses on hedges	(27)	(2)
Remeasurements of defined benefit plans, net of tax	(7)	(49)
Total other comprehensive income	527	90
Comprehensive income	14,722	12,120
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,722	12,120
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	20,731	17,680
Depreciation	5,585	5,792
Impairment losses	67	53
Loss on disaster	140	39
Insurance claim income	(131)	(66)
Increase (decrease) in provision for bonuses	86	59
Increase (decrease) in provision for share awards for directors (and other officers)	11	(0)
Increase (decrease) in retirement benefit liability	152	51
Increase (decrease) in provision for point card certificates	218	(769)
Interest and dividend income	(61)	(89)
Interest expenses	71	59
Loss (gain) on disposal of property, plant and equipment	77	158
Decrease (increase) in trade receivables	(160)	(584)
Decrease (increase) in inventories	3,371	5,425
Decrease (increase) in accounts receivable - other	439	(76)
Decrease (increase) in deposits paid	(1,474)	(29)
Decrease (increase) in prepaid expenses	(879)	(880)
Increase (decrease) in trade payables	5,414	(3,985)
Increase (decrease) in accounts payable - other	(194)	(1,295)
Increase (decrease) in accrued consumption taxes	365	527
Other, net	976	900
Subtotal	34,808	22,970
Interest and dividends received	62	81
Interest paid	(71)	(59)
Proceeds from insurance income	25	66
Proceeds from compensation	17	1
Subsidies received	38	76
Payments associated with disaster loss	(41)	(53)
Income taxes paid	(3,150)	(6,487)
Net cash provided by (used in) operating activities	31,689	16,594
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,607)	(3,791)
Proceeds from sale of property, plant and equipment	196	-
Purchase of intangible assets	(609)	(445)
NetDecrease (increase) in lease and guarantee deposits	25	(26)
Other, net	(60)	(116)
Net cash provided by (used in) investing activities	(6,055)	(4,380)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,500)	-
Proceeds from long-term borrowings	2,070	4,000
Repayments of long-term borrowings	(3,154)	(7,284)
Repayments of lease obligations	(789)	(808)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,046)	(1,146)
Net cash provided by (used in) financing activities	(11,420)	(5,240)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Effect of exchange rate change on cash and cash equivalents	(0)	-
Net increase (decrease) in cash and cash equivalents	14,212	6,973
Cash and cash equivalents at beginning of period	9,330	17,082
Cash and cash equivalents at end of period	23,543	24,056